Benares State Bank Ltd., Bangalore

975. SHRI K.C. KONDAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether it has come to the notice of Government that the Reserve Bank of India has frozen the transactions of the Benares State Bank Limited, Bangalore;

(b) if so, the amount deposited by the depositors in various branches of the above bank in Karnataka; and

(c) whether there is any proposal to retrieve their deposits in the above bank by the depositors?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) In exercise of the powers vested under Section 35A of the Banking Regulation Act, 1949, Reserve Bank of India has imposed certain directions of the Benares State Bank Ltd. (BSBL) having its Head Office at Varanasi (Uttar Pradesh) with effect from the close of business on 25th September 2001, prohibiting the bank/its branches from accepting fresh liabilities and limiting withdrawals from the deposit accounts to the maximum of Rs.HXKK- which has been subsequently enhanced to Rs.2,500'-effective from 13 October, 2001. The bank has a branch at Bangalore, Karnataka State and the directions are applicable to the bank as a whole and are not restricted to the branch in Karnataka State.

(b) RBI has reported that the deposits held by the branch of the BSBL aggregated Rs.3.16 crores as on 2nd November, 2001.

(c) Under the RBI's directive dated 25th September, 2001 the accounts of the depositors have not been frozen, but a restriction has been imposed on the amount that may be allowed to be withdrawn therefrom.